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## STORAGE OF PRICE SUPPORT COMMODITIES

When farm products go into the price support program -- either under nonrecourse loans or through Government purchase or takeover -- it is vital that they be kept in safe storage until they can be moved into useful consumption. The larger the volume of commodities under support, the bigger the storage job becomes.

Storage activities are authorized and financed by the Commodity Credit Corporation, the agency which holds title to the price-support inventories. Actual program administration is carried out by the Washington and field offices of the Commodity Stabilization Service.

Storage activities of CCC fall into three general categories:

(1) Making maximum use of commercial facilities in the storage of CCC-owned commodities; (2) providing Government facilities for storing CCC-owned commodities, primarily grain, when private facilities are inadequate; and (3) helping farmers finance storage facilities on their own farms.

### Storage in Commercial Facilities

Most of the Government-owned price support commodities are stored in commercial facilities pursuant to the CCC Charter Act, which directs the Corporation to utilize, to the maximum extent practicable, "the usual and customary channels, facilities and arrangements of trade and commerce in the warehousing of commodities."

Storage charges for Government-owned or loan grain stored in country, subterminal, or terminal elevators are governed by a "uniform storage agreement" entered into between the Government and the warehouseman. This applies

to storage of wheat, corn, barley, oats, rye, sorghum grain, flaxseed, and soybeans, and it specifies for each a flat per-day storage rate. The agreement also covers payment for such services as receiving and loading out.

Approximately 11,000 approved grain warehouse facilities having a total capacity of about 4 billion bushels are currently (May 1960) operating under the agreement. This means that they are eligible for storage of either CCC-owned grain or grain placed under loans by farmers.

CCC also uses commercial facilities in the storage of other products it owns, including at various times cotton, dairy products, vegetable oils, dry edible beans, and rice. In the case of tobacco, peanuts, and naval stores (turpentine and rosin), arrangements for warehousing are handled by cooperative associations of producers.

As of the beginning of May 1960, CCC had commodities with a cost value of about \$6.2 billion in commercial storage. The major items in this inventory were wheat, corn, grain sorghums and cotton.

CCC has at times in the past helped the commercial warehouse industry expand its capacity by guaranteeing partial occupancy of new facilities constructed by commercial warehousemen in areas where additional storage space was needed. About 80 million bushels of capacity was constructed through such programs during the 1949-51 period. Another 175 million bushels of capacity was added through a similar program in 1953 and 1954. Since 1954, there have been no programs of this type, but the storage industry has continued to add facilities to meet mounting storage needs.

#### CCC's Own Supplemental Storage

CCC purchases bins for storing commodities under authority of its Charter Act, which provides that CCC shall acquire real property for storage purposes only if it "determines that existing privately owned storage facilities . . . in the area concerned are not adequate."

In June 1949, CCC owned only 45 million bushels of bin-type storage capacity for use in storing part of its inventory stocks of grain. The rapid buildup of surpluses in the 1950's ran ahead of commercial storage facilities, and CCC was forced to increase its own space materially. Although no additional bins had been bought during the previous two years, CCC-owned capacity totaled approximately 984 million bushels in March 1960. Most of these bins are used in the Corn Belt for storing corn, but some of the structures are used for wheat and other small grains.

In addition, CCC has arranged with the Maritime Administration to use idle merchant ships of the reserve fleet for the storage of CCC-owned wheat. The grain is stored in ships anchored on the Hudson River at Jones Point, New York; on the James River at Fort Eustis, Virginia; and on the Columbia River at Astoria, Oregon. As of May 1, 1960, a total of 102 ships were providing storage for approximately 23 million bushels of wheat.

#### On-Farm Storage Programs

A substantial part of the grain placed under price support loans each year is held in storage on the farms where it is produced. While most of the wheat, rice, cotton, and peanuts under loan are stored in commercial warehouses, most of the corn placed under loan goes into farm storage for at least the first year of the loan period.

To encourage increased farm storage capacity, CCC makes loans to farmer to finance new farm storage facilities for grains and other storable crops. Such loans, which may be for up to 80 percent of the cost of the structures, are payable in four annual installments, at an interest rate of 4 percent a year.

The program was inaugurated in June 1949. Between that time and April 30, 1960, more than 126,000 loans were made for a total of approxi-



mately \$136 million, to finance storage structures having an aggregate capacity of about 498.5 million bushels.

In November 1949, CCC began making loans on farm storage equipment, such as driers, air circulators, and ventilators. Over the November 1949-April 1960 period, 3,700 of these loans were made for a total of \$7,800,000.

With few exceptions, farmers are repaying these loans on or ahead of schedule. Of loans totaling more than \$143 million under both programs, approximately \$100 million had been repaid through March 1960. Delinquent payments amounted to less than one-fourth of 1 percent of the amount repaid.

Farmers arrange for farm storage facility and equipment loans with their Agricultural Stabilization and Conservation county committees.

Also of assistance in expanding farm storage facilities are the reseal programs through which farmers may continue their price support loans on certain commodities for specified periods and receive storage payments. Commodities under reseal during 1960-61 were: 1956-crop corn; 1957-crop corn and wheat; 1958-crop corn, barley, grain sorghums, wheat, and oats; and 1959-crop corn, barley, wheat and grain sorghums.

Storage payment rates for the 1960-61 reseal year are: Corn, wheat, and barley, 14 cents per bushel; oats, 10 cents per bushel; and grain sorghums, 24 cents per hundredweight.

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